

4211 Waiialae Avenue, Suite 107  
Honolulu, HI 96816  
www.prospectmtg.com



### **FHA**

- FHA approved building
- 51% Owner Occupied rate
- CPR's ok treated as SFH
- Spot approvals have been extended from Oct. 1 to Nov. 1. We can still apply for spot approvals on FHA condos. We have to have FHA case number by Nov. 1 to qualify for spot approval

### **\*\*\*\*\*NEW FHA APPROVAL**

### **PROCESS\*\*\*\*\***

*There are some MAJOR changes going on in the FHA condo approval process and even FHA itself doesn't seem to know exactly how it's going to play out. But our understanding is FHA will begin requiring all condos to be REAPPROVED every two years beginning as early as November 1, 2009. This is going to be a HUGE undertaking for FHA and lenders and will definitely affect our ability to close FHA loans in a timely matter.*

*Here is a link that offers more details on this new (nightmare) FHA condo guideline change:*

<http://www.examiner.com/x-17066-Portland-Real-Estate-Finance-Examiner~y2009m8d25-FHA-changes-rules-on-condo-financing>

### **VA**

- FHA or VA approved condo
- Occupancy rate not an issue if on approved list
- Not able to do CPR properties unless it is on VA/FHA approved list

### **Conventional Loans**

- 20% or more down for Owner Occupied properties then occupancy rate doesn't matter
  - 25% or more down for second homes then occupancy rate doesn't matter
  - No investment loans for condos with less than 50% occupancy rate PERIOD
  - If putting less than 20% down occupancy rate must be over 70% to get Mortgage Insurance for owner occupants.
- NO MORTGAGE INSURANCE AVAILABLE ON SECOND HOMES OR INVESTMENT PROPERTIES AT ALL.**

### **Possible Red Flags (but not always deal killers)**

(Can vary depending on if lender requires a full condo review. We don't know what they will ask for until we run it through our automated system)

- Litigation can be an issue depending on type of litigation. We will need copy of litigation for file.
- Properties with short term rentals or rental pools
- More than 1 entity owning 10%
- Leasehold...case by case basis. Need leasehold documents to be reviewed in all cases.

Please let me know if you have any questions.

Keri Shepherd

<http://www.myprospectmortgage.com/kshepherd/>